

Workforce Education and Training Reconciliation Frequently Asked Questions

As of 05/15/2013

1. Welfare and Institutions Code (WIC) 5892(a)(1) says that a trust fund may be developed for Workforce Education and Training (WET) funds. Does OSHPD intend to develop a trust fund?

As an alternative to the trust fund, the Department of Finance (DOF) and OSHPD submitted a Spring Finance Letter that includes budget language that will allow unspent prior and future WET funds to be available through State Fiscal Year (FY) 2017-18, the end of the 10 year plan. This Spring Finance Letter still needs to be approved by Legislature.

2. If the Welfare and Institutions Code 5892(h) says that WET funds may be retained for up to 10 years, why were the funds reverted?

State-administered WET budget language did not specify a 10-year reversion period. The State Controllers' Office (SCO) will revert all appropriations after three years unless additional direction is stated in Budget provisional language. If the Legislature approves the Spring Finance Letter requesting an extension of WET appropriations through June 30, 2018, SCO will revert all WET appropriations at the end of FY 2019-20.

3. Are future fiscal year funds subject to reversion or does the Spring Finance Letter address this?

If the Legislature approves the Spring Finance Letter requesting an extension of WET appropriations through June 30, 2018, SCO will revert all WET appropriations at the end of FY 2019-20.

4. When did counties receive the reverted funds?

Per DOF, the reverted authority for WET funds wouldn't have gone to counties until the first distributions beginning in FY 2012-13. Prior to that, allocations were distributed according to component allocations determined in Department of Mental Health (DMH) information notices, rather than unreserved balances.

5. Why aren't regional partnership funds included in this reconciliation?

Prior year regional partnership allocations were transferred to California Department of Health Care Services. According to an October 27, 2011, DMH letter to California Mental Health Director's Association, all Regional Partnership appropriations were fully allocated and revert 10 years from the release of each letter, the earliest which is February 2019.



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6. The original 10-year budget plan includes distance learning for \$1.6M. What happened to that program and the funding?

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In FY 2007-08, the Department of Finance did not approve the Department of Mental Health's request for funds for distance learning. The unspent \$1.6M was reallocated and transferred to OSHPD as part of the \$6.0M appropriation for WET purposes.

7. What's the difference between Table 2 and Table 3? Why does OSHPD need to take action regarding unspent balances to liquidate contracts?

Table 2 (Funding Transferred From DMH to OSHPD for Liquidating Contracts) and Table 3 (Funds Available For Reappropriation) represent all unspent appropriations from FY 2010-11 to present. These appropriations have not reverted. However, since unspent balances from FY 2010-11 through present were not encumbered in contracts and will begin reverting by June 30, 2013 (for FY 2010-11), legislative action is needed now. Separate legislative action is needed for each table since Table 2 represents appropriations authorized in DMH's budget and Table 3 represents appropriations authorized in OSHPD's budget.

8. Will unspent Mental Health Loan Assumption Program (MHLAP) be returned to counties?

It is MHLAP's existing practice that unspent program dollars are returned to those counties with the unspent balance so that they may be used for future award cycles.

9. What's the \$278,000+ in stipends in FY 2012-13 in Table 3?

The \$278,253 represents the difference between the \$10 million stipend appropriation and the amount encumbered against stipend contracts. The following are encumbered to the FY 2012-13 stipend contracts as of March 31, 2013:

Fiscal Year	Contract #	Contractor	Contract Purpose	Amount of Contract
2012/13	07-77391	Regents of UC, Berkeley	Stipend	5,818,340.00
2012/13	08-78048	Pacific Graduate School of Psychology/Palo Alto University	Stipend	256,545.00
2012/13	08-78049	Phillips Graduate Institute	Stipend	1,859,000.00
2012/13	08-78092	Azusa Pacific University -	Stipend	99,999.00
2012/13	08-78095	Calif Psychology Internship Council	Stipend	824,034.00
2012/13	08-78096	Loma Linda University	Stipend	2,000.00
2012/13	08-78097	CSU Chico Research Foundation	Stipend	191,832.00
2012/13	09-79057	CSU, Fresno Foundation	Stipend	99,160.00
2012/13	09-79061	Regents of UC, San Francisco	Stipend	219,460.00
2012/13	11-71001	Alliant International University	Stipend	330,898.00
2012/13	11-71004	California Institute of Integral Studies	Stipend	120,478.00
Total				\$ 9,721,747.00

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10. Will OSHPD revise Table 3 since it is a point in time?

OSHPD will revise Table 3 by the end of August 2013, after year-end financial reports are released.

11. If there is a way to recover reverted funds, would this come from the 3.5 percent administrative portion?

Per DOF, WET funds have always been excluded from the 3.5 percent administrative cap. Even though the existing plan was never formally approved by stakeholders, the statute requires that \$444.5M be spent on these programs, so any ongoing plans consistent with the remaining available funding would still be excluded. If the state wanted to go above and beyond the agreed portion of the remaining \$444.5M, that could come from the available cap.

12. What are the actual revenues received by DOF in FY 2004-05, 2005-06, 2006-07 and 2008-09?

According to information from DMH prior to transfer, the actual revenues were as follows.

FY 2004-05 (45% of actual MHSA revenue)	\$114,200
FY 2005-06 (10% of actual MHSA revenue)	\$86,100
FY 2006-07 (10% of actual MHSA revenue)	\$93,500
FY 2007-08 (10% of actual MHSA revenue)	\$150,700
Total Statutory WET Funding	\$444,500

These amounts were reconfirmed with DOF in April 2013, when the amount of WET revenue was misstated in a 04/18/2013 Senate Sub-Committee #3 Agenda Item.

13. If the next five-year plan is for April 2014 – 2019 but the original 10-year budget plan was for FY 2007-08 to FY 2017-18, then will all funds be allocated through FY 2017-18?

The existing five-year plan is April 2008 – 2013 and the next five-year plan is from April 1, 2014 – 2019. Based on the original 10-year plan, the second 5-year plan would have started in 2013. However, due to legislative action transferring WET from DMH to OSHPD, the second 5-year plan is due April 1, 2014. If the Legislature approves the Spring Finance Letter requesting an extension of WET appropriations then the remaining funds will be allocated through June 30, 2018.

14. The May Revise to the Governor's Budget includes a request that \$7,839,000 in unexpended MHSA WET funds be appropriated through FY 2017-18. Please explain this. Also, does this change the amount that was reverted to the counties?

The \$7,839,000 represents unexpended MHSA WET funding from FY 2008-09 through FY 2011-12. Of this amount, \$6,189,000 is unexpended funding from both OSHPD and DMH's FY 2008-09 and FY 2009-10 appropriations that reverted back to the Mental Health Services Fund. The unexpended amount represents unspent balances for various MHSA WET programs including: Stipends, Psychiatric Residency, Statewide Technical Assistance, MHLAP, and Song

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Brown. The remaining \$1,650,000 is the unexpended balance of the appropriations that were transferred to OSHPD for purposes of liquidating contracts issued by the DMH prior to the transfer of the WET programs to OSHPD.

MHSA specified that a certain portion of revenues into the MHSA Fund be earmarked for WET programs and that the funds may be retained for these purposes up to 10 years. Appropriating this \$7,839,000 to OSHPD through FY 2017-18 ensures that the unexpended and reverted funding continues to be available for WET programs for the remainder of the 10 years (through FY 2017-18) consistent with the Act.

The updated reconciliation dated April 3, 2013 does not change the amount that was reverted to the counties.